



Investment Thesis

Solana

SOL

Token type	Native Currency
Price	\$19.47
Sector	Smart Contract Platform
Market Cap	\$8.03B

Key Figures

52-Week Range	\$7.95 - \$38.74
Market Rank	#10
Market Capitalization	\$8.03 billion
Total Value Locked (TVL)	\$314 million
Annualized Protocol Revenue	\$7.50 million
Circulating Supply	412,370,785
Volume (24h)	\$121,856,317
ATH	\$258.93
ATH Date	November 6, 2021
Staking Yield (Annualized)	6.92%

Source: CoinGecko, DeFi Llama, Token Terminal, Staking Rewards. Data as of September 24, 2023

Overview

Solana is a **smart contract platform focused on scalability**. It was introduced by **Anatoly Yakovenko** in 2017 as a new blockchain architecture based on **Proof-of-History (PoH)** – a novel consensus mechanism for verifying order and passage of time between events. PoH uses a recursive verifiable delay function to hash incoming events and transactions. In other words, every transaction has a unique digital signature (hash), almost like a cryptographic timestamp. As a result, each node gets an **"internal clock"** that helps the network agree on time and ordering of events without having to sync with one another, **enabling hardware to operate at capacity**. Solana scales naturally with bandwidth, SSDs, and GPU cores. It is the only blockchain that adopts this scaling approach and is how Solana achieves a theoretical throughput of **65,000 transactions per second**. The blockchain's native token SOL is used to secure the network through staking and as a medium of exchange – users must pay a small fee denominated in SOL every time they perform a transaction. Regarding its ecosystem, with nearly **1,500 monthly active developers**, Solana is following a similar growth trajectory to Ethereum. As of September 2023, it has **\$314 million** of total value locked (TVL) across decentralized finance (DeFi) applications, while weekly NFT volumes surpass **\$8 million**.

- In **October 2017**, Yakovenko teamed up with former Qualcomm colleagues and founded **Solana Labs**.
- In **March 2020**, Solana launched on Mainnet Beta shortly after raising **\$1.76 million** in a public token auction hosted on CoinList.
- In **April 2023**, Saga, an Android phone leveraging the **Solana Mobile Stack**, was released to the public.
- In **September 2023**, **Solana Pay** integrated its plug-in with e-commerce company **Shopify**, while **Visa** expanded its USDC cross-border settlement pilot to include the Solana blockchain.

Key takeaways

- Solana is a permissionless, **high-performance smart contract platform** based on Proof-of-History (PoH).
- With nearly **1,500 monthly active developers**, Solana is following a similar growth trajectory to Ethereum, a testament to its potential.
- Currently valued at **\$8.03 billion**.

Risk factors

- **Centralization risk**. As hardware gets faster, so does the Solana network. This approach could result in a centralized architecture where a few machines are responsible for most of the network's processing.
- **Scaling risk**. Solana adopts a monolithic (also called integrated) scaling approach, which opposes the modular architecture espoused by networks like Ethereum or Celestia, in which various interoperable blockchains specialize and optimize to perform a given function.

Figure 1:
Price Performance (3-years)



Figure 2:
Total Value Locked (TVL)



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